



May 22, 2024

FY2024 Briefing Session on Business Results



nippon

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NIPPON CORPORATION
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I. What We Would Like to Tell You Today

Overview of Business Results for FY2024 and FY2025 Performance Forecasts

- Consolidated results for FY2024 reached a record high in terms of both net sales, and profits at each stage.
In the current fiscal year, a gain in sales of investment securities of ¥13.5 billion was recorded as a result of **the sale of our cross-shareholdings**, which will be used as a source of funds for aggressive investment in the future.
- We expect **consolidated net sales and operating income to reach record highs in FY2025**.

Revision of the FY2023-2027 medium-term targets

- We have been working toward achieving our medium-term targets of ¥400 billion in net sales and ¥15 billion in operating income, but **we have now set new numerical targets** because we achieved the results for FY2024 ahead of the initial targets to be achieved in FY2027.

Long-term Vision 2030

- **To focus on the creation of value for society**, in addition to the pursuit of economic value with the aim of achieving net sales of ¥500 billion and operating income of ¥25 billion, we have formulated a roadmap to 2030, outlining our ideal state and the direction of our initiatives.

II. Overview of Business Results for FY2024 and FY2025 Performance Forecasts



Digest of Consolidated Financial Results for FY2024

(Millions of yen)	FY2023 results	FY2024 results		
		YoY	Change (%)	
Net sales	365,525	400,514	34,988	9.6%
Operating income	12,288	20,340	8,052	65.5%
Operating margin	3.4%	5.1%	+1.7pt	-
Ordinary income	14,816	23,280	8,463	57.1%
Profit attributable to owners of parent	10,260	26,367	16,107	157.0%

- Net sales (Reached record high)

Increased by ¥34.9 billion from the previous year due to increased demand from a recovery in personal consumption and inbound consumption, as well as price revisions in response to rising raw material prices and other costs.

- Profit (Profits at each stage reached record highs)

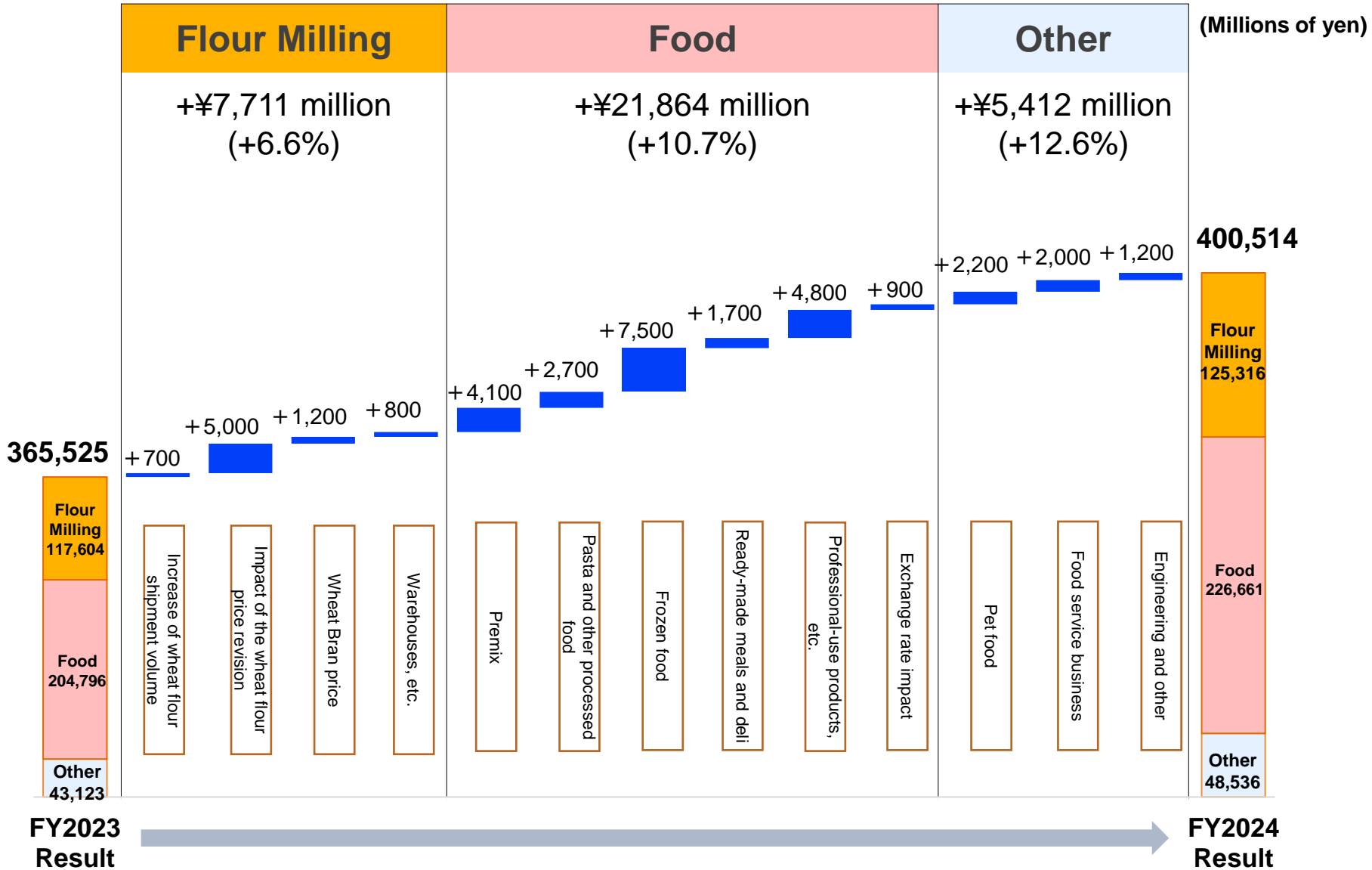
Operating income increased by ¥8.0 billion from the previous year due to growth in sales volume of frozen foods, especially one-plate meals, steady growth in the Nakashoku (ready-made meal) business, and cost reductions through improved productivity, despite higher raw material and various other costs and increased strategic costs for sales expansion. Profit attributable to owners of parent increased by ¥16.1 billion from the previous year due to the sale of our cross-shareholdings.

Results by Segment for FY2024

(Millions of yen)

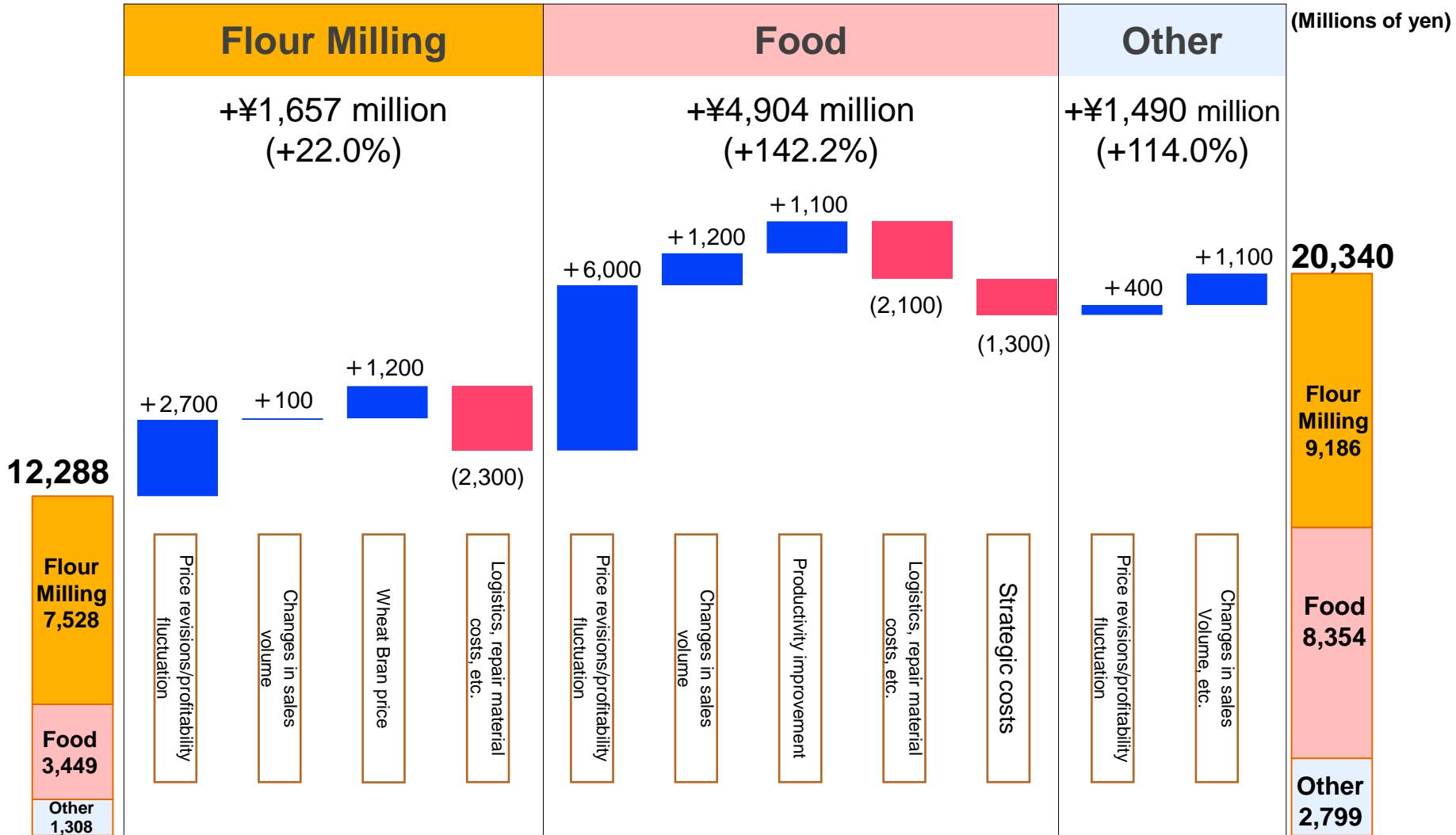
		FY2023		FY2024			
		Results	% of net sales	Results	% of net sales	YoY	Change (%)
Net sales	Flour Milling	117,604	32.2%	125,316	31.3%	7,711	6.6%
	Food	204,796	56.0%	226,661	56.6%	21,864	10.7%
	Other	43,123	11.8%	48,536	12.1%	5,412	12.6%
	Total	365,525	100.0%	400,514	100.0%	34,988	9.6%
Operating income	Flour Milling	7,528	6.4%	9,186	7.3%	1,657	22.0%
	Food	3,449	1.7%	8,354	3.7%	4,904	142.2%
	Other, etc.	1,308	3.0%	2,799	5.8%	1,490	114.0%
	Total	12,288	3.4%	20,340	5.1%	8,052	65.5%

Analysis of Factors for Changes in Net Sales



Increase of ¥34,988 million [9.6%] compared with FY2023

Analysis of Factors for Changes in Operating Income



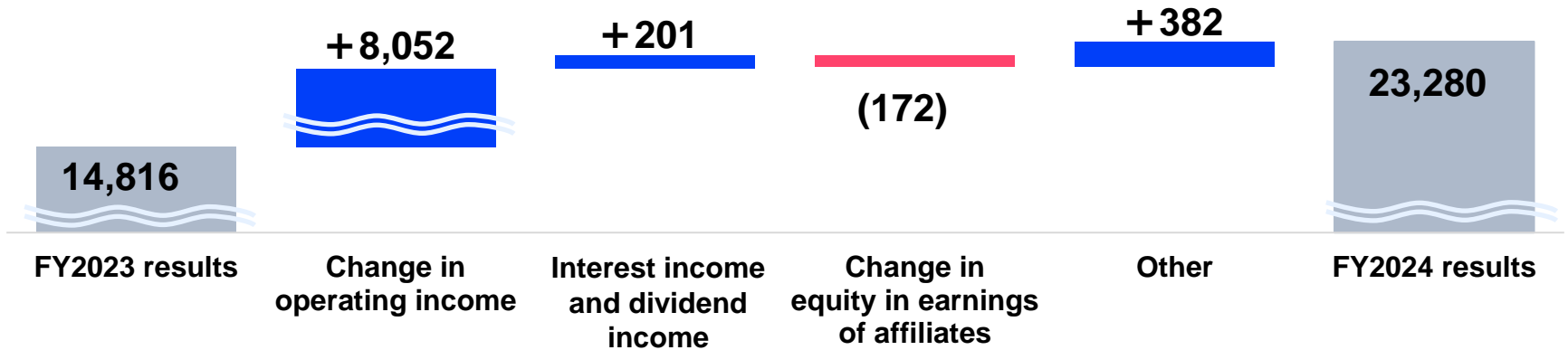
FY2023 results

Increase of ¥8,052 million [65.5%] compared with FY2023

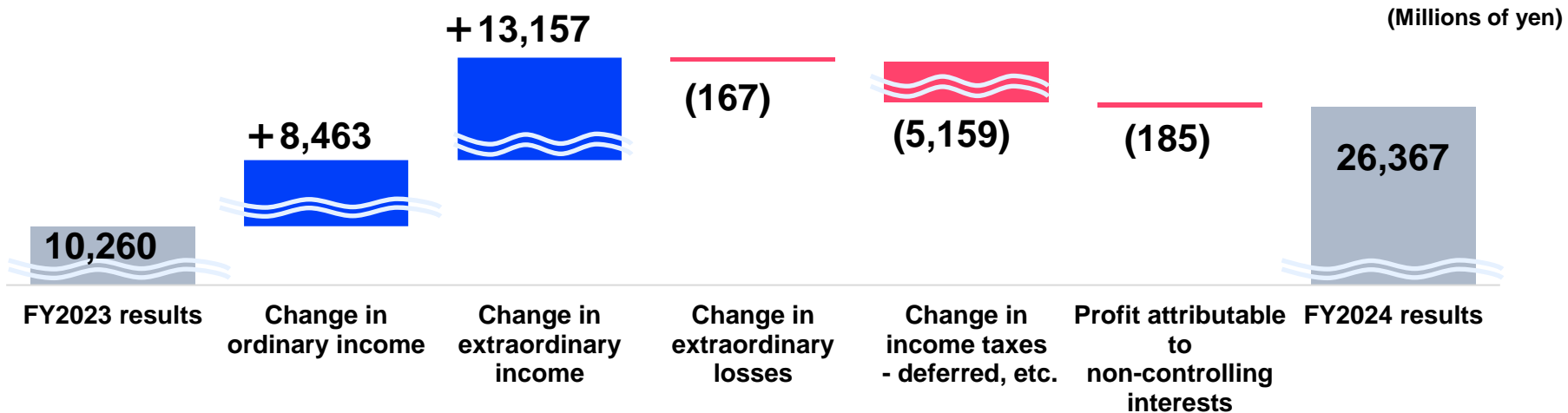
FY2024 results

Analysis of Factors for Changes in Ordinary Income / Profit

◆ Factors for changes in ordinary income (overall increase of ¥8,463 million [57.1%])
 (Millions of yen)



◆ Factors for changes in profit* (overall increase of ¥16,107 million [157.0%])



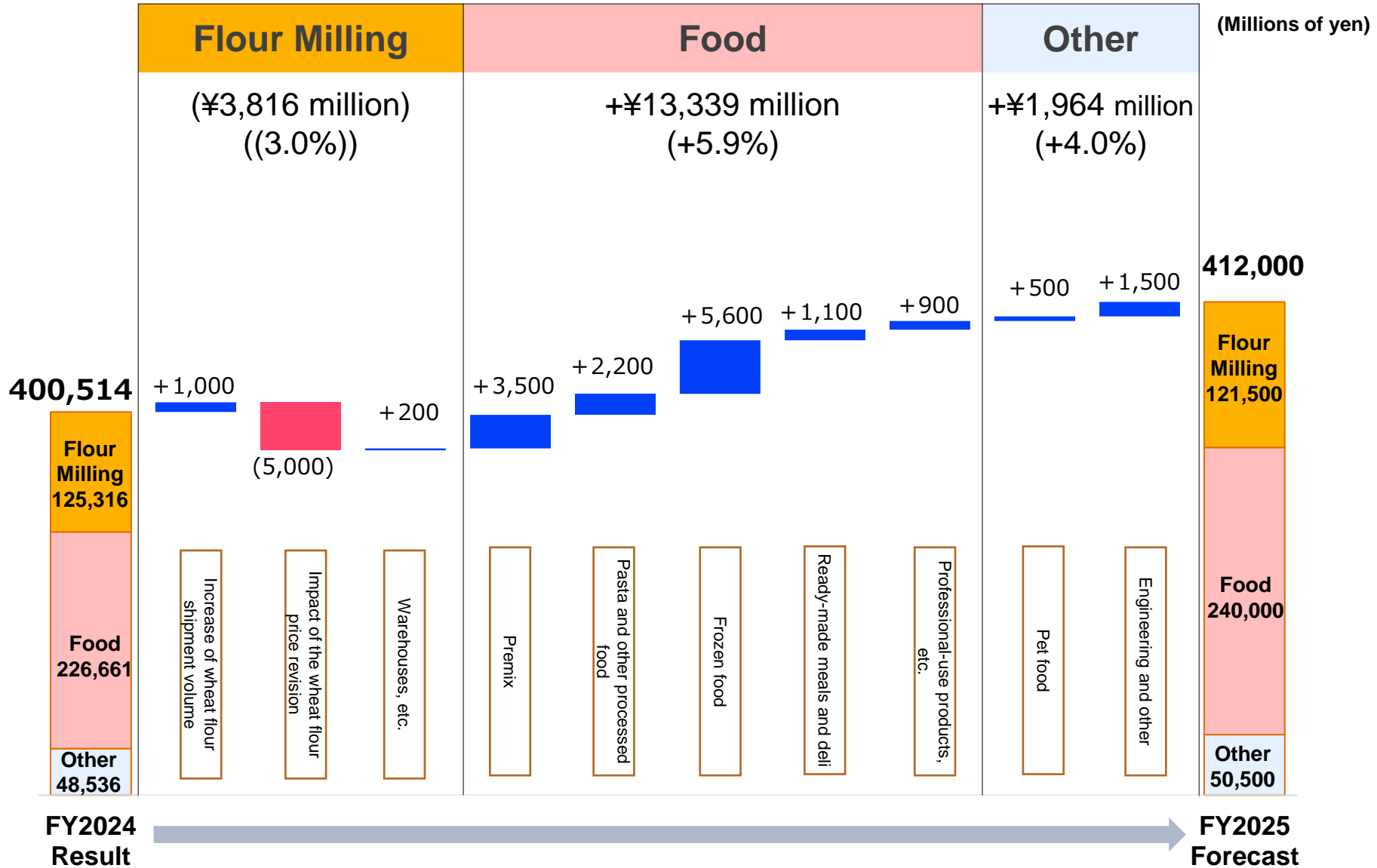
(*) Profit attributable to owners of parent

FY2025 Performance Forecasts

(Millions of yen)		FY2024		FY2025			
		Results	% of net sales	Forecast	% of net sales	YoY	Change (%)
Net sales	Flour Milling	125,316	31.3%	121,500	29.5%	(3,816)	(3.0%)
	Food	226,661	56.6%	240,000	58.3%	13,339	5.9%
	Other	48,536	12.1%	50,500	12.3%	1,964	4.0%
	Total	400,514	100.0%	412,000	100.0%	11,486	2.9%
Operating income	Flour Milling	9,186	7.3%	8,900	7.3%	(286)	(3.1%)
	Food	8,354	3.7%	9,000	3.8%	646	7.7%
	Other	2,799	5.8%	2,600	5.1%	(199)	(7.1%)
	Total	20,340	5.1%	20,500	5.0%	160	0.8%
Ordinary income		23,280	5.8%	22,500	5.5%	(780)	(3.4%)
Profit attributable to owners of parent		26,367	6.6%	24,000	5.8%	(2,367)	(9.0%)

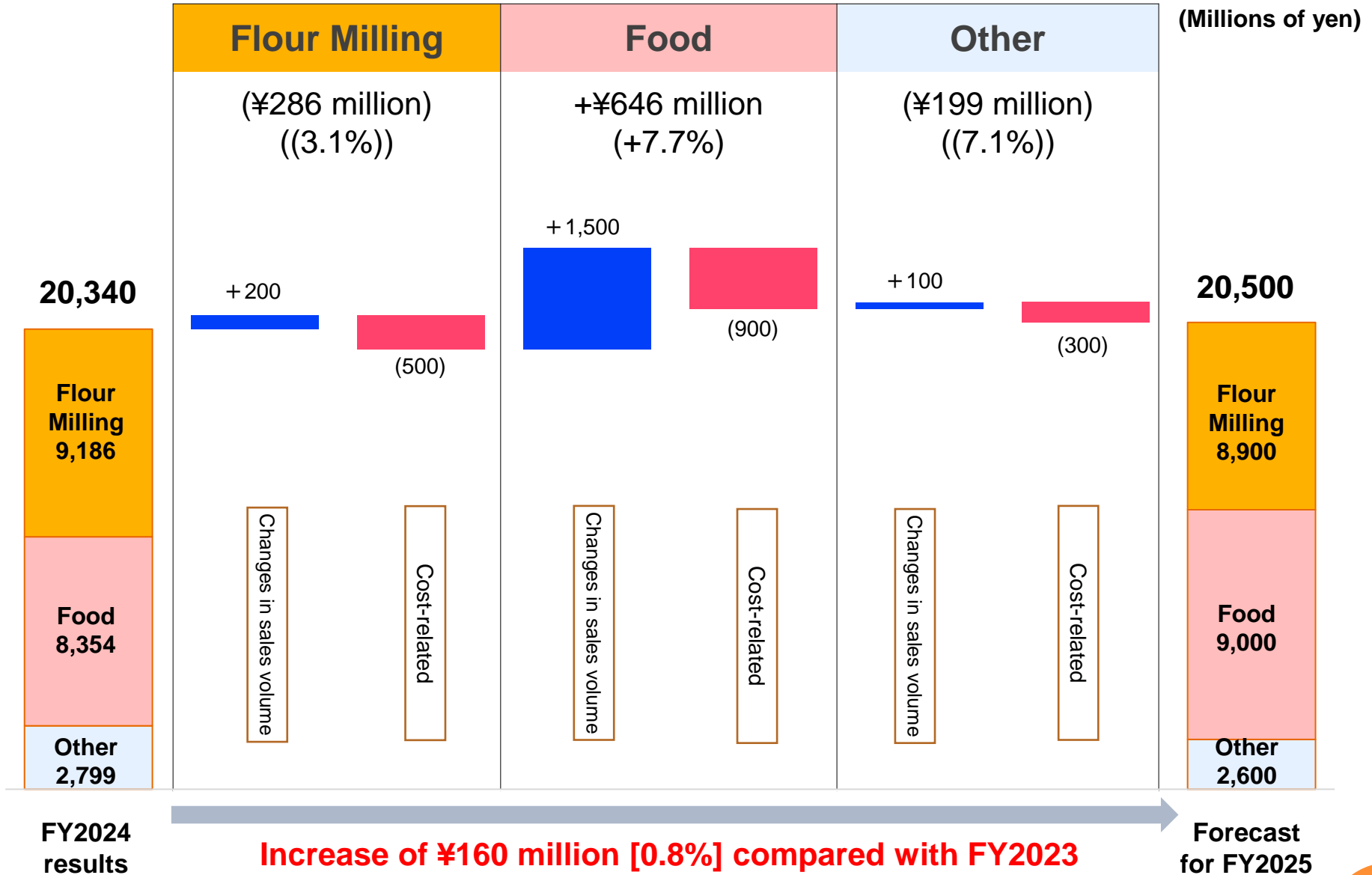
- **Net sales** are expected to increase by 2.9% or ¥11.4 billion from FY2024 (a record high) due to efforts to increase sales volume in all businesses, despite a planned partial reduction in wheat flour selling prices
- **Operating income** is expected to increase by ¥160 million (a record high), mainly due to the increase in sales volume resulting from sales expansion, although strategic costs for sales expansion, labor costs, and distribution costs are expected to continue to increase

Analysis of Factors for Changes in Net Sales Forecasts

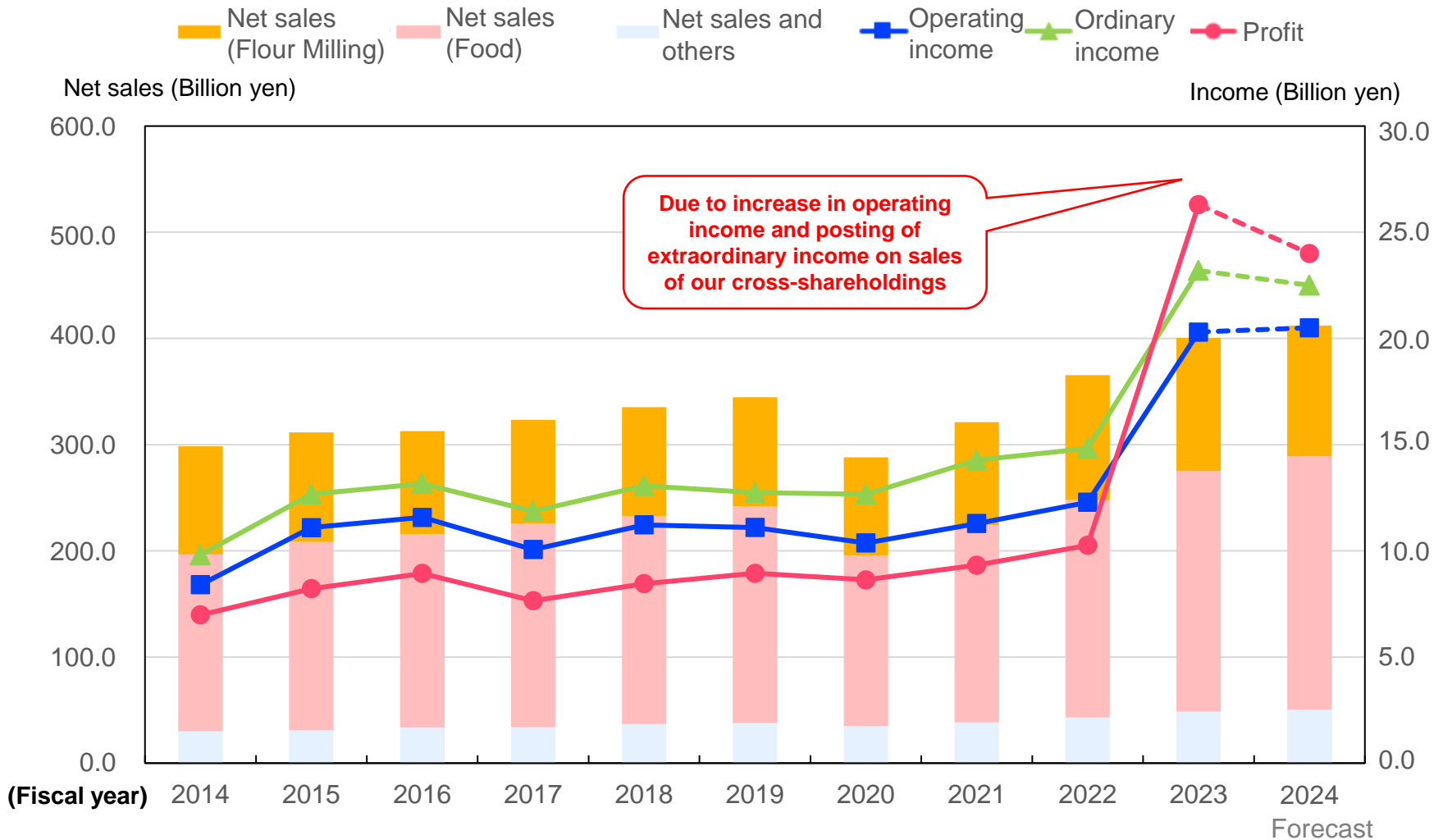


Increase of ¥11,486 million [2.9%] compared with FY2023

Analysis of Factors for Changes in Operating Income Forecasts

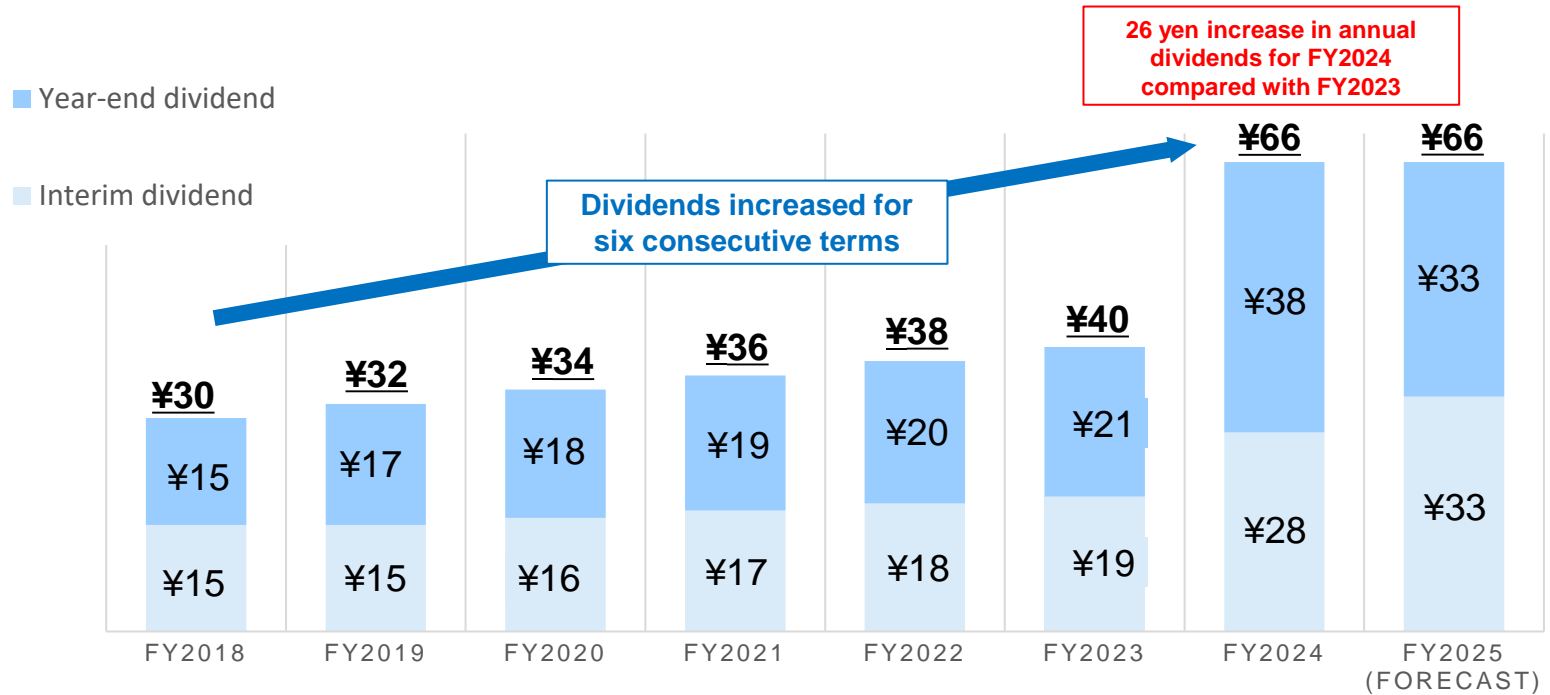


Changes in Operating Results of NIPPON Group



*In accordance with the application of the “Accounting Standard for Revenue Recognition” and other standards, the figures for FY2021 are those after retrospective application.

Shareholder Returns



Fiscal Year	Consolidated payout ratio
FY2018	31.5%
FY2019	29.4%
FY2020	29.1%
FY2021	32.0%
FY2022	31.3%
FY2023	30.3%
FY2024	30.3%
FY2025 (FORECAST)	32.8%

(Consolidated payout ratio for FY2024 and FY2025 (forecast) is calculated excluding extraordinary gains and losses.)

Our basic policy for profit distribution is to maintain stable and sustainable dividends, with a target dividend payout ratio of 30% or more, which is calculated by taking into account future business development, the business environment, and other factors, while securing the internal reserves necessary for investment in future corporate growth, and excluding special and extraordinary profit and loss from asset sales and other items.

Ⅲ. Revision of the FY2023-2027 Medium-term Targets



1. Revision of the Medium-term Targets

2. Initiatives by Business

3. Financial Strategy



Revision of the FY2023-2027 Medium-term Targets

Reasons for Revision of Medium-term Targets

- We had previously established medium-term targets to achieve net sales of ¥400 billion and operating income of ¥15 billion by FY2027, but we have now set a new numerical target because the FY2024 results exceeded the initial target for FY2027 due to improved productivity, increased sales volume, penetration of price revisions, etc.
- Although operating income will increase slightly from FY2024 due to the increased depreciation burden associated with the operation of the new plant and other factors, the numerical target is for a significant increase in operating income before depreciation and amortization.

	Initial medium-term targets (FY2027)	FY2022 results (Base fiscal year)	FY2024 results	Revised medium-term targets (FY2027)	Difference from initial plan
Net sales	¥400 billion	¥321.3 billion	¥400.5 billion	¥450.0 billion	+¥50.0 billion
Operating income	¥15.0 billion	¥11.2 billion	¥20.3 billion	¥21.0 billion	+¥6.0 billion
Operating margin	3.7%	3.5%	5.1%	4.7%	+0.9pt
operating income before depreciation and amortization	¥28.9 billion	¥21.5 billion	¥30.6 billion	¥35.8 billion	+¥6.9 billion
ROE	6% or more	5.5%	12.8%	8% or more	+2pt
ROIC	4% or more	3.0%	4.8%	5% or more	+1pt

Growth Image to Achieve Our Medium-term Targets

Basic policy of the strategy

- Strengthening earnings power of the core fields
- Strategic investment in growth fields and new fields
- Pursuit of M&A and alliance opportunities
- Promotion of sustainability management
- Strengthening management foundation by promoting DX, etc.

Achieved the initial targets ahead of schedule.

FY2024 results

Net sales	¥400.5 billion
Operating income	¥20.3 billion
Operating income before depreciation	¥30.6 billion

Revised targets for FY2027

Net sales	¥450.0 billion
Operating income	¥21.0 billion
Operating income before depreciation	¥35.8 billion

FY2022 results

Net sales	¥321.3 billion
Operating income	¥11.2 billion
Operating income before depreciation	¥21.5 billion

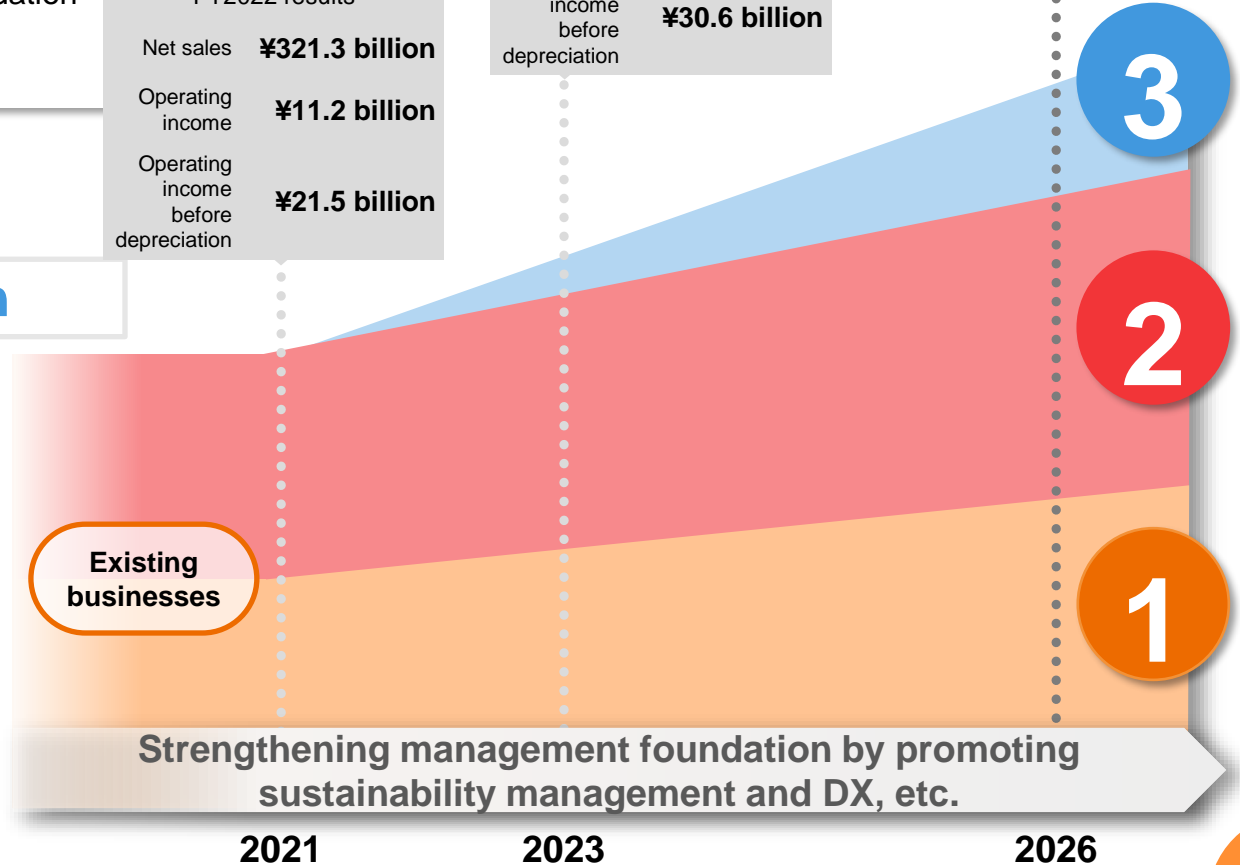
③ Inorganic growth

② Growth fields

Frozen Food,
Ready-made Meals,
Healthcare, Overseas

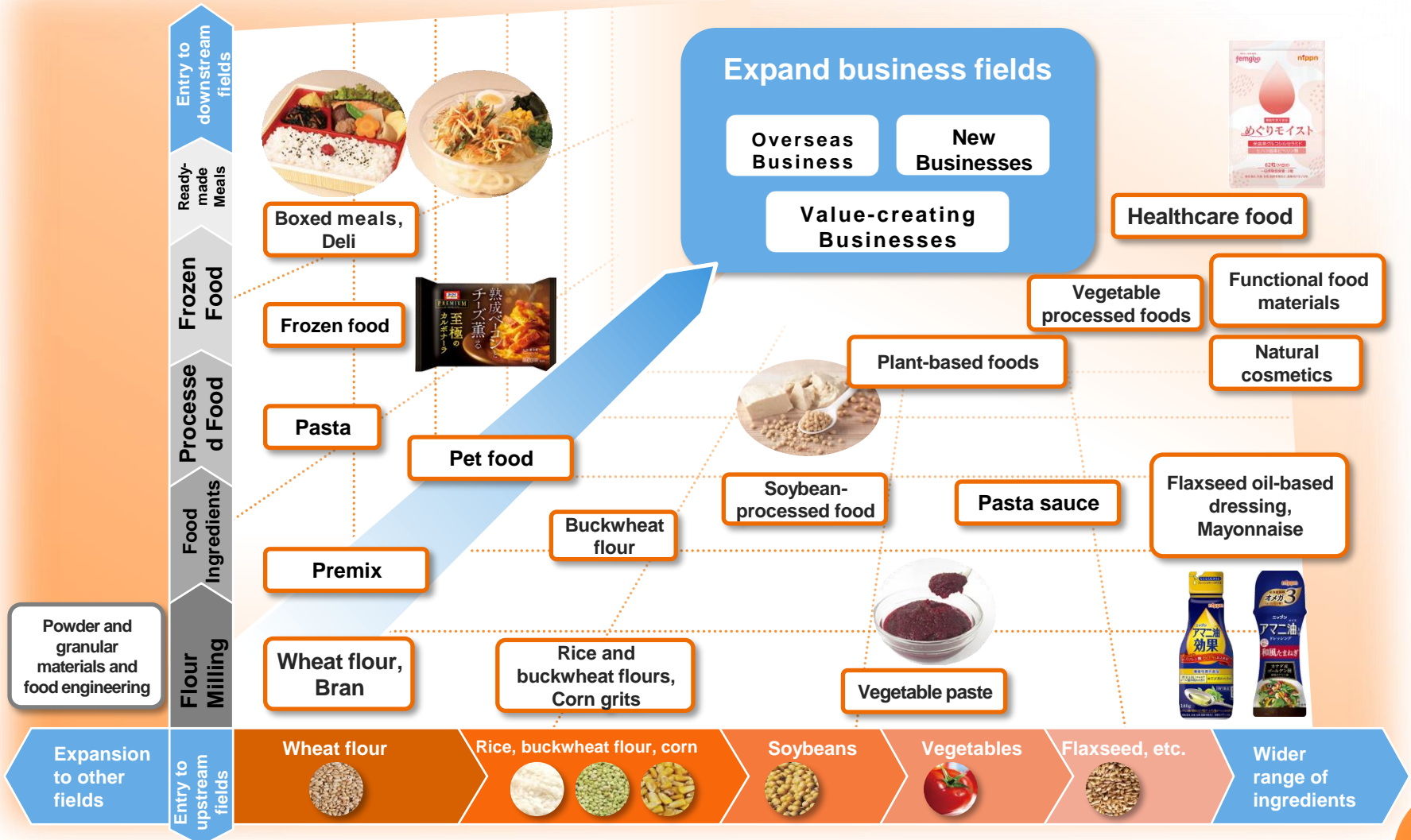
① Core fields

Flour Milling,
Food Ingredients,
Processed Food



Direction for the Business Growth

In addition to exploring raw materials and processing technologies, we will pursue synergies among businesses and expand our business domain through M&A and business alliances to achieve sustainable growth as a comprehensive food company.



1. Revision of the Medium-term Targets

2. Initiatives by Business

3. Financial Strategy



Main Strategies in Core Fields FY2027 Medium-term Targets

Further strengthen profitability of the **three businesses in the core fields** and generate cash on a stable and continuous basis

Flour Milling

- Efforts to expand sales of value-added products and market expansion
- Promote efficiency by improving production efficiency and logistics, etc.
- Expand sales and improve productivity through the establishment and reallocation of new manufacturing facilities

Food Ingredient Business

- Utilize marketing to promote sales expansion from the customer's perspective
- Strengthen initiatives in expanding markets through technology utilization and product differentiation
- Promoting cost reductions through a review of production and logistics

Processed Food Business

- Organizational restructuring and system reinforcement to build a master brand
- Nurture strong NB brands supported by consumers and strengthen sales promotion to expand sales
- Improvement of profit margin by reorganization of products handled

Business Policy

Maintain the profit level equivalent to that of FY2024 before depreciation and amortization by expanding sales, improving production efficiency, and improving logistics to counter rising distribution and other costs.

Key strategies

1 Efforts to expand sales of value-added products and market expansion

2 Promote efficiency by improving production efficiency and logistics, etc.

3 Expand sales and improve productivity through the establishment and reallocation of new manufacturing facilities

Various measures

- Development of value-appealing products, including use of wheat with special characteristics
- Propose solutions from various aspects by collaborating with the materials business
- Improved production efficiency by reducing the number of brands
- Reduction of raw material and product inventories, expansion of joint deliveries, etc.
- Active introduction of digital tools and manpower saving
- Construction of the new Utah plant is progressing smoothly, with operations expected to begin in 2025
- Closure of Nagoya Plant due to operation of new Chita Plant in 2026
- Improved productivity through the introduction of state-of-the-art equipment

Business Policy

Improve value proposition and profitability through marketing development that focuses on the customer's perspective, strengthening initiatives in expanding markets, and continuing to reduce costs in production and logistics processes.

Key strategies

1 Utilize marketing to promote sales expansion from the customer's perspective

2 Strengthen initiatives in expanding markets through technology utilization and product differentiation

3 Promoting cost reductions through a review of production and logistics

Various measures

- Maximize mutual benefit by supporting the accompaniment of growing customers
 - Identification of latent needs → Promotion of problem-solving sales
 - Expand exports by narrowing down target markets and strategic products
-
- Expand seasoning business by leveraging blending technology and formulation know-how
 - Expand sales of rice flour by introducing gluten-free products, etc.
-
- Improved efficiency of premix production
 - Reduction of storage costs through reduction of inventory
 - Reduction of shipping costs by transferring production

Core Fields Processed Food Business FY2027 Medium-term Targets

Business Policy

Achieve high consumer engagement in the dry grocery market for home use. Expand the top line by concentrating capital into the master brand strategy and strengthen profitability through economies of scale.

Key strategies

1 Organizational restructuring and system reinforcement to build a master brand

2 Nurture strong NB brands supported by consumers and strengthen sales promotion to expand sales

3 Improvement of profit margin by reorganization of products handled

Various measures

- Establishment of Marketing Promotion Department to foster consumer-driven product and business negotiation capabilities in conjunction with the sales division.
- Strengthen collaboration among sales departments by sharing customer information
- Pasta brand pyramid building and penetration (REGALO, Oh' My Premium, Oh' My)
- Large-scale promotional activities at an unprecedented level
- Improved productivity and efficiency through brand consolidation
- Price correction or end of sale by redesigning unprofitable products

Main Strategies in **Growth Fields** FY2027 Medium-term Targets

To achieve sustainable growth by expanding business areas through focused allocation of management resources to **four businesses in growth fields**.

Frozen Food Business

- Promote sales expansion in growth fields
- Develop and propose products that meet market needs
- Reinforcement of supply system and improvement of productivity in anticipation of increased demand

Ready-made Meal Business

- Rebuild the “earning power” of the daily maker business
- Establish the production system for improvement of the profit structure
- Deepening of existing markets and development of new market for ready-made meals

Healthcare Business

- Expand sales channels for high value-added functional materials
- Foster mainstay brands of functional foods
- Expand the NIPPON Kenko Tsuhan business of online sales of health products utilizing proprietary ingredients

Overseas Business

- Aggressive sales expansion through market development in and outside of the company's locations
- Capital investment for overseas business expansion
- Strengthen management foundation in overseas business

Growth Fields Frozen Food Business FY2027 Medium-term Targets

Business Policy

Expand sales through various marketing measures and sales channel expansion. By building a product development system to meet various user needs and a supply system to meet growing demand, we aim to achieve 130% growth in net sales compared to FY2024.

Key strategies

1 Promote sales expansion in growth fields

- NB-centric sales promotion based on marketing
- Develop new channels such as EC, export, etc.
- Improve efficiency of sales activities through DX promotion

2 Develop and propose products that meet market needs

- Develop new products that can reduce the burden on stores
- Propose and expand sales of plant-based foods
- Promote environmentally friendly de-plasticization of packaging containers

3 Reinforcement of supply system and improvement of productivity in anticipation of increased demand

- Improved productivity through digitization of operations
- Promote automation by introducing new technologies
- Expansion of supply capacity through expansion of production lines

Growth Fields Ready-made Meal Business FY2027 Medium-term Targets

Business Policy

Improve the profit structure by strengthening the production system, and at the same time, deepen the existing market and develop a new market for ready-made meals.

Key strategies

1

Rebuild the “earning power” of the daily maker business

2

Establish the production system for improvement of the profit structure

3

Deepening of existing markets and development of new market for ready-made meals

Various measures

- Promotion of labor saving by automation of production lines
 - Structural reform through standardization of management systems.
 - Strengthening of production facilities to meet changing demand
-
- Expansion of production capacities of existing plants
 - Productivity enhancement by improving the working environment
 - Improvement of benefits for employees, including part-time workers, to ensure employment retention
-
- Expansion of production items to expand existing business
 - Improvement of competitiveness by strengthening development functions
 - Expansion of business in new ready-made meals fields

Business Policy

Aim to achieve 180% growth in net sales compared to FY2024 by expanding sales channels for high value-added functional materials, fostering mainstay brands of functional foods, and expanding the NIPPN Kenko Tsuhan business of online sales of health products.

Key strategies

1 Expand sales channels for high value-added functional materials

2 Foster mainstay brands of functional foods

3 Expand the NIPPN Kenko Tsuhan business of online sales of health products utilizing proprietary ingredients

Various measures

- Expand sales to major sales companies by taking advantage of value-added functional claims
 - Expansion of overseas exports
 - Promote development of applications in new channels
-
- Promote product development for the femtech market
 - Functional branding of ceramide and maslinic acid
 - Develop applications in new markets
-
- Utilize and expand synergies in the company's own online shopping site
 - Develop product development utilizing functional claims

Business Policy

Aim to achieve 200% growth in net sales over FY2024 by raising the level of business bases in each country, expanding to neighboring countries, making capital investments for business expansion, and strengthening the overseas management base.

Key strategies

- 1 **Aggressive sales expansion through market development in and outside of the company's locations**
- 2 **Capital investment for overseas business expansion**
- 3 **Strengthen management foundation in overseas business**

Various measures

- Expansion of business areas through the establishment of new bases, etc.
 - Develop Halal market and expand exports
 - Expansion of frozen food business in Thailand
-
- Stable operation of the new Utah plant
 - Expansion of manufacturing capacity at North American pasta plant
 - Improved utilization rate of new plant in Indonesia
-
- Develop global human resources through short-term overseas training programs, etc.
 - Strengthen management of overseas business based on in-house risk classification
 - Enhancement of engagement of local staff

Topic 1: Oh' My Premium Brand Strategy

- In February 2024, the Company announced a new strategy, **“Innovating Home Pasta with Deliciousness,”** to strengthen its Home-use Products business in order to achieve its medium-term targets.
- Oh' My Premium, the No. 1 frozen pasta brand (*1), will implement the strategy ahead of time in the fall of 2023 in frozen pasta. The market share grew significantly due to the “deliciousness” of the product.
- From spring 2024, the same strategy will be applied to dried pasta. Through product development based on a thorough understanding of consumers, the company will bring the value of pasta's delicious taste to Japanese dining tables.

Consumer awareness

Consumers are giving up on deliciousness

Frozen pasta doesn't look delicious and has few ingredients in it

None of the dried pastas differ from brand to brand, and the sauce is more important

New strategy

Innovating Home Pasta with “Deliciousness”

Pasta that makes “Every day” a “Great Moment!”

Frozen Pastas



- Package renewal
- Strengthening the standard series

Surprisingly delicious tastes with “lots of big ingredients”

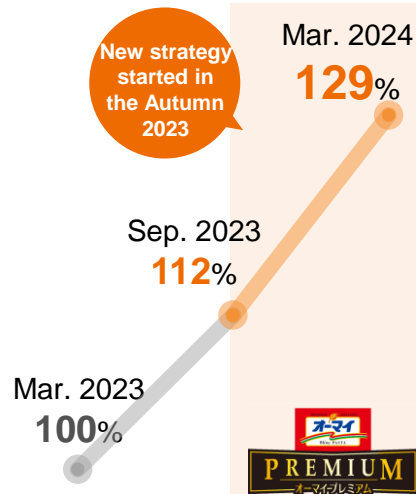
Dried Pastas



- Introducing new products

Surprisingly delicious taste with a “glutinous texture”

Oh' My Premium Frozen pasta market share growth rate (*2)



*1 Intage SCI (aged 15-79) Frozen pasta market by brand in terms of cumulative purchase value, April 2019-November 2023

*2 Intage SCI (aged 15-79) Frozen pasta market share by brand in terms of purchase value Share growth rate, starting from March 2023

Topic 2: Initiatives in North American Flour Milling Business (New Utah Plant)

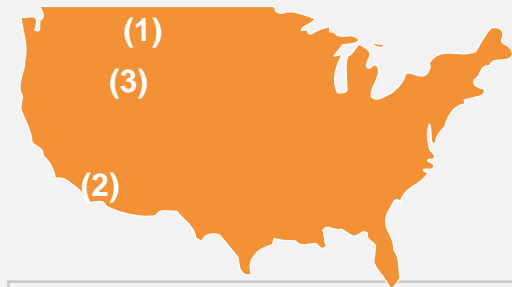
- In May 2023, the Company made a 25% investment in Utah Flour Milling, LLC (new Utah plant) in order to further enhance the overall strength of the Group's flour milling business and to further expand overseas business.
- Through this initiative, the Company will realize synergies with its two existing bases in the U.S., advance the expansion of its North American business as stated in its medium-term targets, and materialize its business development, including the promotion of its inorganic growth strategy.

► Overview of Utah Flour Milling, LLC

Establishment	: February 2023
Business	: Production and sales of wheat flour
Location of the mill	: Utah
Start of operation	: 2025
Production capacity	: Approx. 340 t/day (flour-based)
Site area	: Approx. 21,000m ²



► NIPPON Group's business in the US



(1) Pasta Montana, L.L.C.

Manufacture and sale of pasta

(2) NIPPON California Inc.

Sale of premix products, etc.

(1) Utah Flour Milling, LLC

Manufacture and sale of wheat flour

Topic 3: Strengthening Management Foundation Through DX (Digital Strategy)

Management sophistication

- Promoting data-driven management
- Visualization of all management indicators
- Increased flexibility for business expansion

Business process transformation

- Data-based decision making (increased accuracy and speed)
- Expansion of customer contacts
- Improved productivity in various operations

Reinforcement of security infrastructure

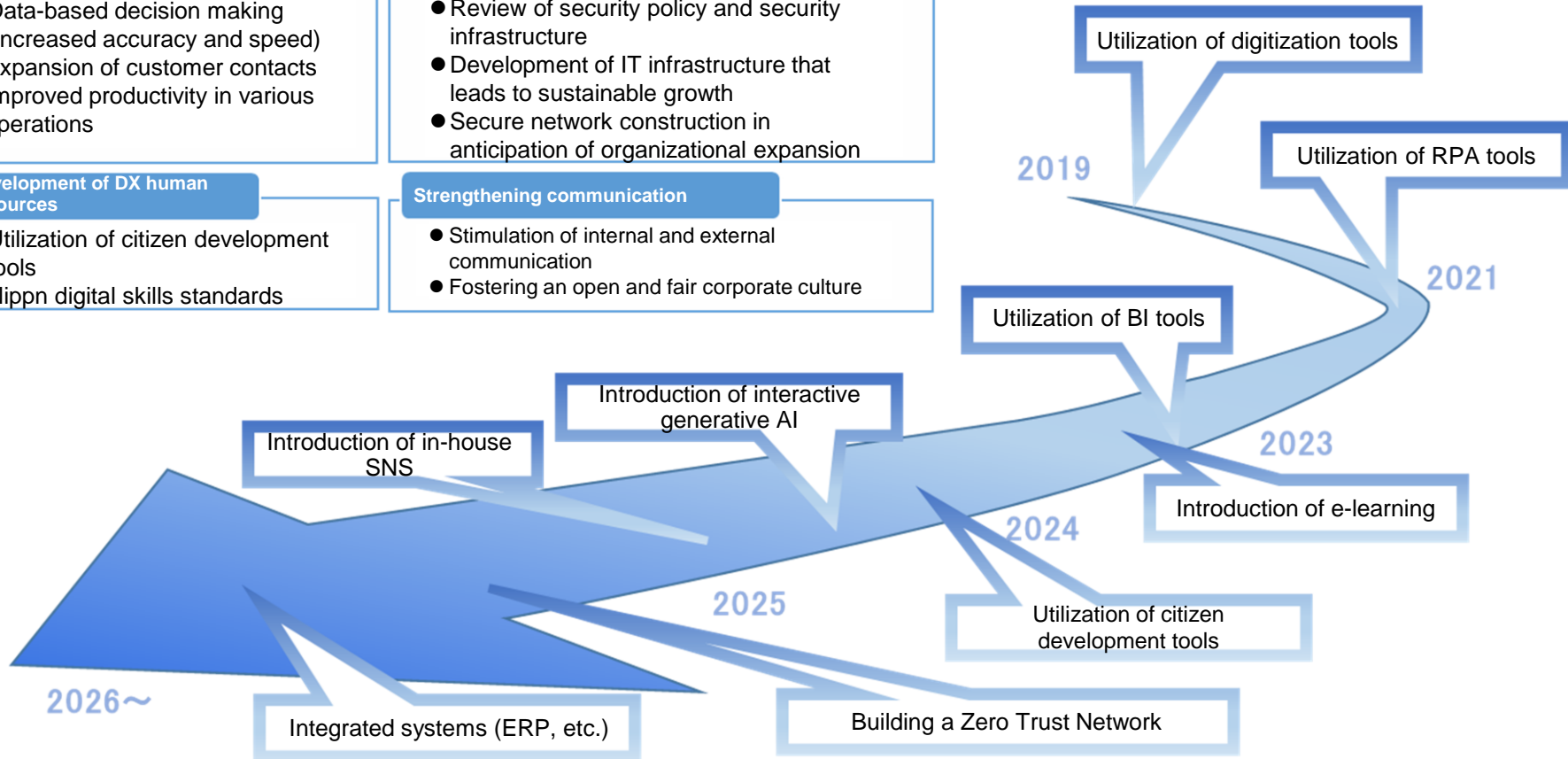
- Review of security policy and security infrastructure
- Development of IT infrastructure that leads to sustainable growth
- Secure network construction in anticipation of organizational expansion

Development of DX human resources

- Utilization of citizen development tools
- Nippon digital skills standards

Strengthening communication

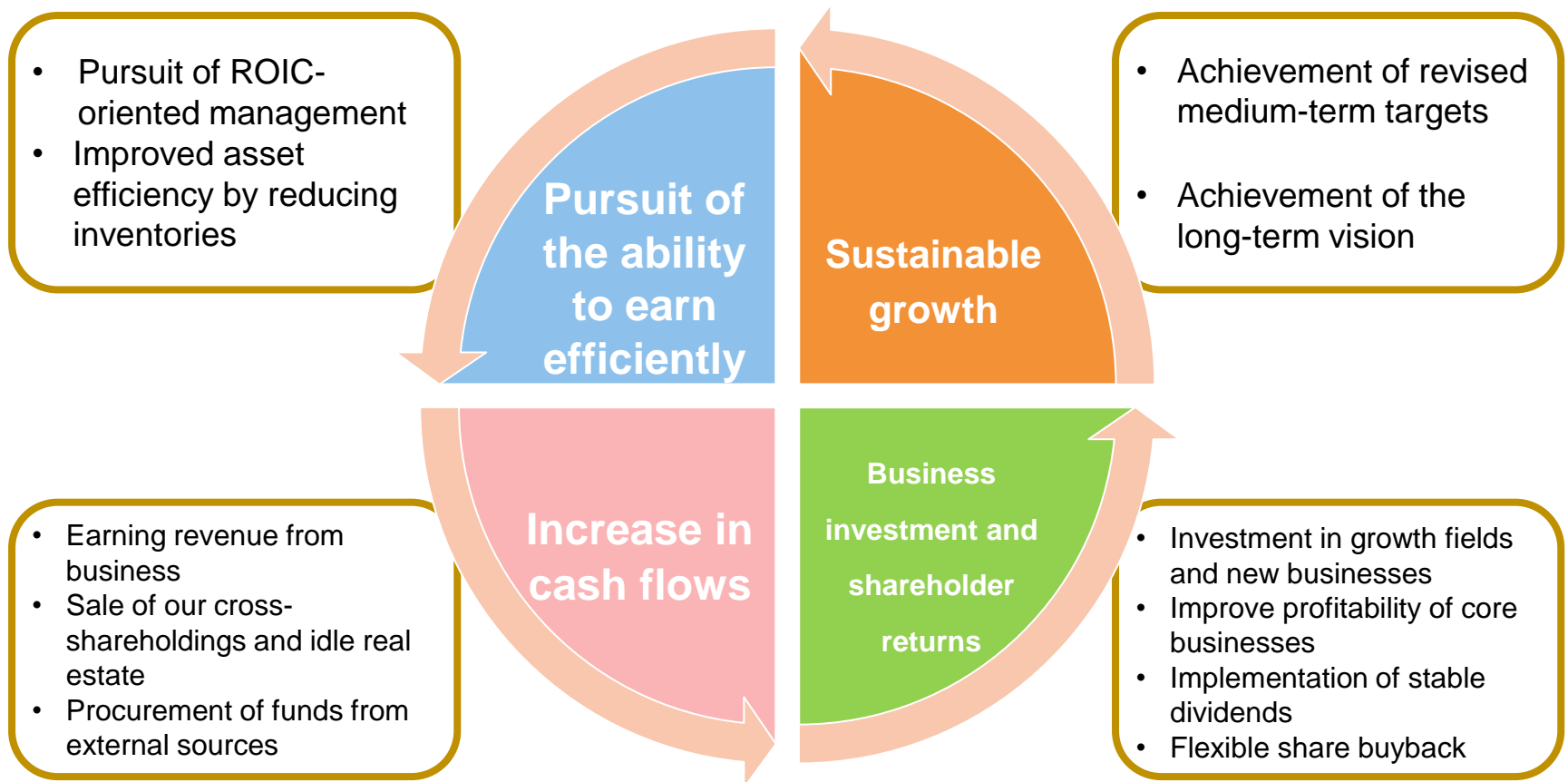
- Stimulation of internal and external communication
- Fostering an open and fair corporate culture



1. Revision of the Medium-term Targets
2. Initiatives by Business
- 3. Financial Strategy**



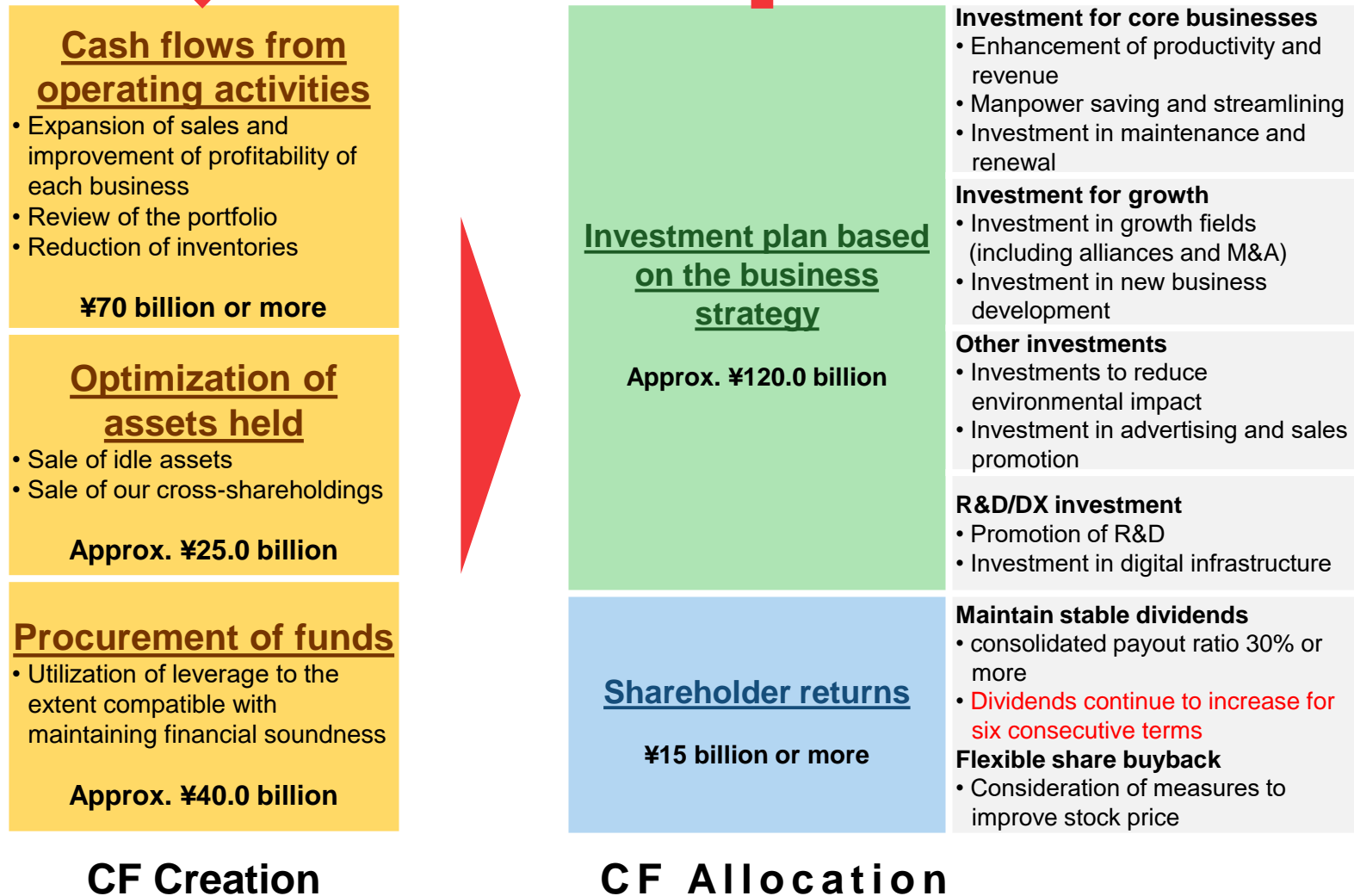
Basic Policy on Finance



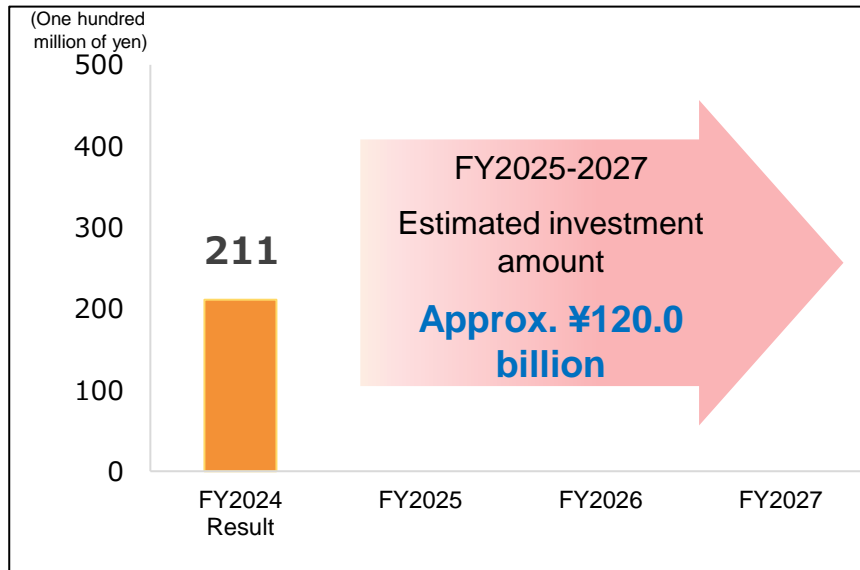
- Optimal allocation of cash generated from capital efficiency-conscious management and business growth.
- Improve capital efficiency and strengthen financial position by increasing balance sheet efficiency.
- As a shareholder return policy, maintain a stable and sustainable dividend, with a target consolidated payout ratio of 30% or more.

FY2025-2027 Cash Allocation

Earn returns by focusing on ROIC



Future Investment Prospects



- In FY2024, we invested in Utah Flour Milling, LLC to expand business development in North America, and acquired a site for a research base to further strengthen our R&D system.
- From FY2025 onward, we will make focused investments in growth businesses such as the frozen foods business, as well as investments to promote efficiency in core businesses, such as the construction of a new plant in Chita.

[Investment results for FY2024]

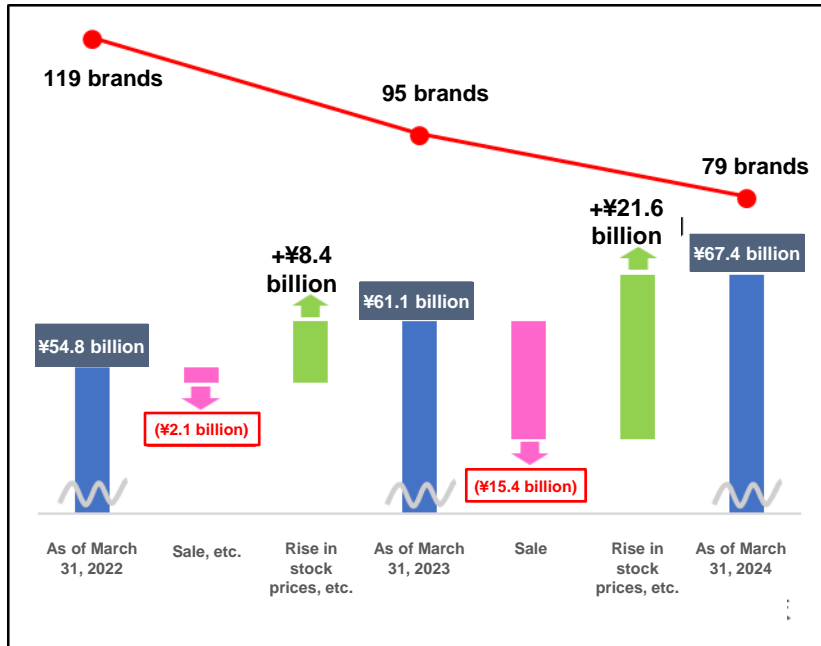
Investment	Division
Investment in Utah Flour Milling, LLC	Overseas
Isesaki Plant line refurbishment	Frozen Food
A new premix plant in Indonesia	Overseas
Acquisition of land for research base	R&D

[Investment plan for operation after FY2025]

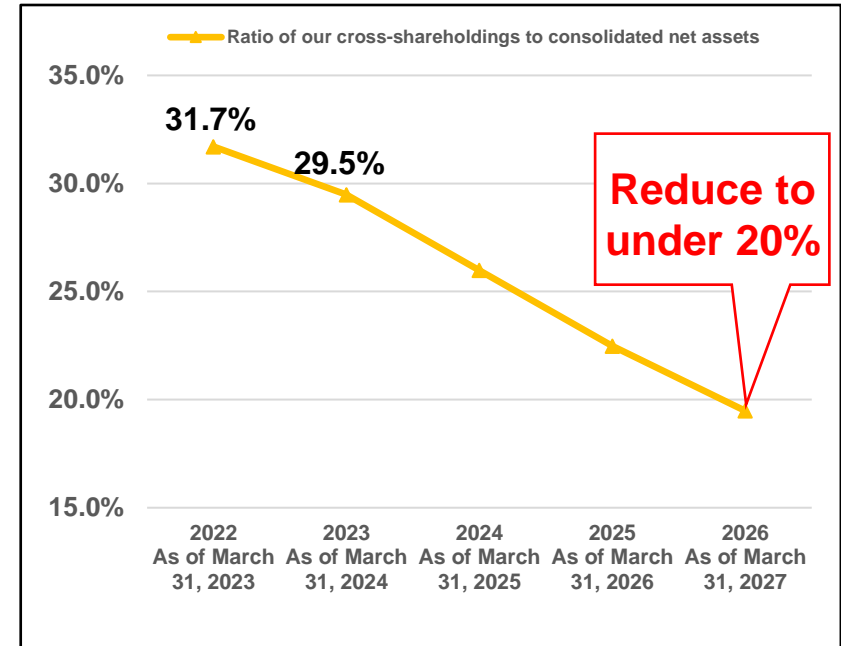
Investment	Division	Scheduled start of operation
Line enhancement of Pasta Montana	Overseas	2024
OK Food Industry Co., Ltd., line expansion	Food	2024
Facility expansion of Kobe-Konan Mill	Flour Milling	2024
A new mill in Chita City	Flour Milling	2026
Expansion of frozen food supply capacity	Frozen Food	Under consideration
Expansion of pasta supply capacity	Food	Under consideration
Expansion of premix supply capacity	Food	Under consideration
Expansion of overseas premix supply capacity	Food	Under consideration

Initiatives for Reduction of Our Cross-shareholdings

Balance of our cross-shareholdings



Reduction by FY2027 (image)

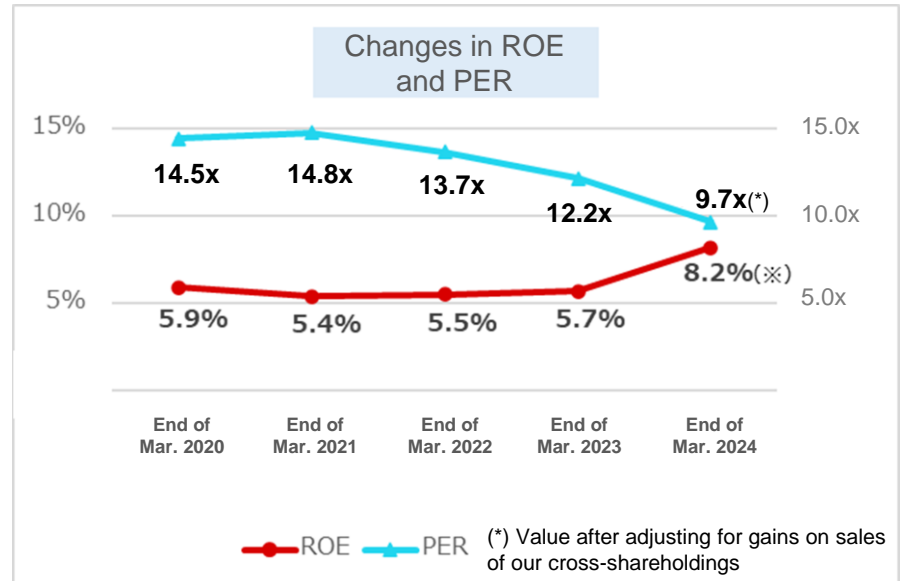
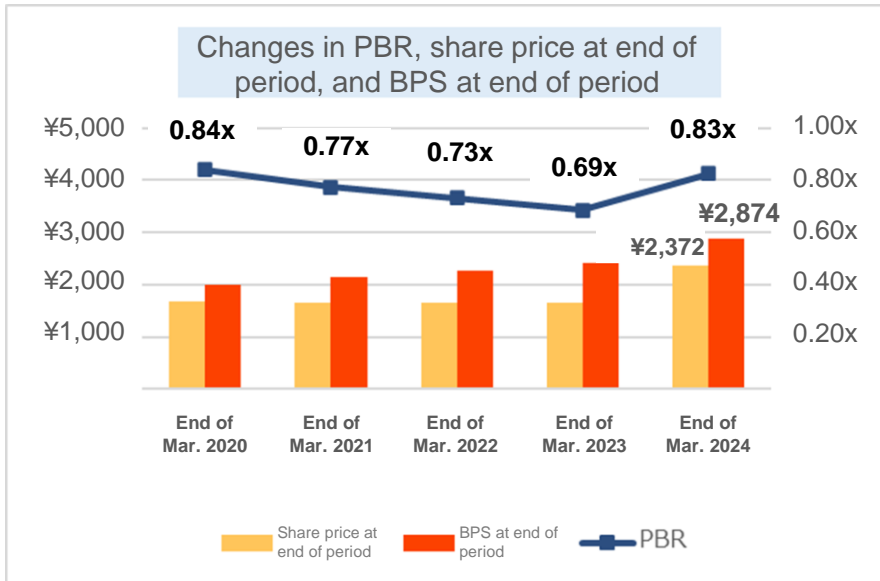


- We will verify the significance of the holding of each issue with an eye to the cost of capital, and aim to improve capital efficiency by promoting reduction of cross-shareholdings, in principle.
- In FY2024, we sold ¥15.4 billion, but the effect of the reduction was offset by the rise in stock market prices. We will continue to **promote dialogue with business partners in which we hold cross-shareholdings, and focus on reducing the number of such holdings.**
- We will aim to **reduce the ratio of cross-shareholdings to consolidated net assets to under 20%** by the final year (FY2027) of the medium-term targets.

Actions to Achieve Cost of Capital and Stock Price Conscious Management (1)

Recognition of current situation

PBR turned up at the end of March 2024, but remains below 1x



- Our PBR increased to 0.83x at the end of March 2024 due to the rise in the share price on the back of solid performance and overall stock market growth. In order to reach a PBR of 1x, further efforts to improve capital efficiency and to increase the stock price are needed.
- Due to recognition of gains on the sale of our cross-shareholdings, ROE and PER at the end of March 2024 were 12.8% and 6.2x, respectively. After adjusting for the impact of the gain on sale, ROE and PER would be 8.2% and around 9.7x, respectively.
- The adjusted ROE is now above the revised medium-term targets of 8%, while the PER is below the average for prime listed companies (around 18x).

Actions to Achieve Cost of Capital and Stock Price Conscious Management (2)

PBR Improvement Measures

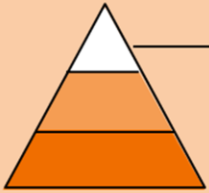
Work to improve ROE and PER, aiming for a PBR of 1x or more

Key measures	Enhance ROE Enhancing the ability to earn efficiently			Improve PER Raise growth expectations
	Improve the ratio of net income to net sales <ul style="list-style-type: none"> Achievement of revised medium-term targets Raise the level of performance management with an emphasis on capital efficiency Strengthen management with an awareness of business portfolio optimization Profit growth through focused investment in growth fields such as the frozen foods business Increase market share by strengthening brand power Profit gains in the inorganic area 	Improve total asset turnover <ul style="list-style-type: none"> Reduce our cross-shareholdings to less than 20% of consolidated net assets by the end of FY2027 Sale of idle assets Improved asset efficiency by reducing inventories Flexible share buyback 	Optimize financial leverage <ul style="list-style-type: none"> Utilization of financial leverage based on the assumption that the rating of long-term debt will be maintained Low-cost financing with awareness of optimal capital structure for growth investment 	Improve growth potential Reduce business risk <ul style="list-style-type: none"> Reducing business risk through ongoing efforts to address sustainability issues Strengthen IR by enhancing disclosed information and expanding points of contact with investors Appropriate feedback of investor opinions and evaluations to management Continuation of stable dividend level
Measures	×			

IV. Long-term Vision 2030 - Creating Social Value

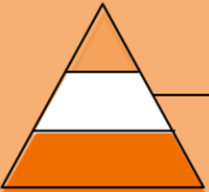


Management Philosophy, Management Policy, and Long-term Vision



Management Philosophy

The NIPPON Group contributes to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people.



Management Policy

To realize our management philosophy, the NIPPON Group will work together with stakeholders including our customers, employees, shareholders and societies to create future-focused value.



Long-term Vision 2030

As a comprehensive food company, the NIPPON Group will continue to take on the challenge of solving social problems through food.

1. Economic Value

Aim to grow to a scale of ¥500 billion in net sales and ¥25 billion in operating income

2. Social Value (ESG Management)

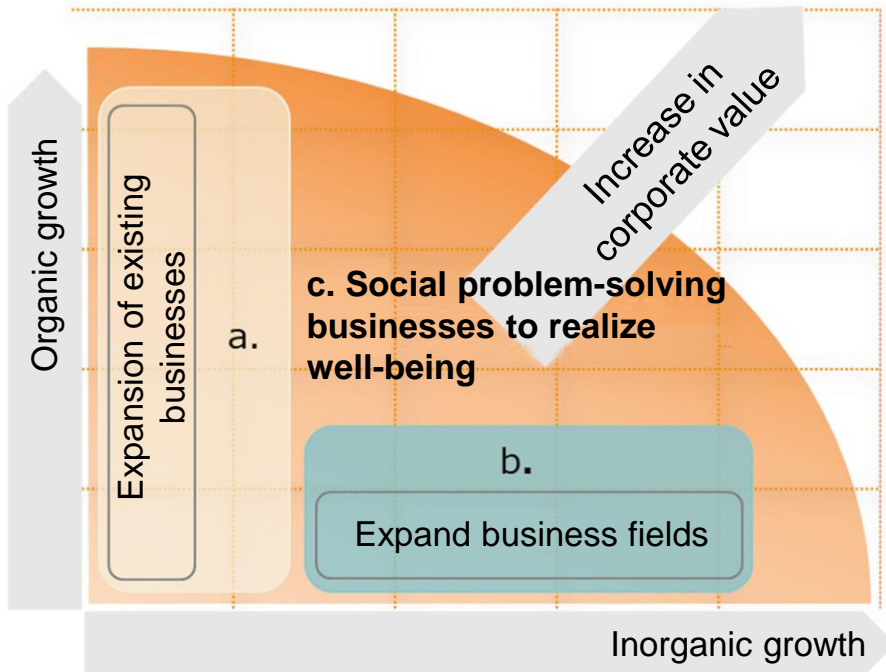
Well-being we aim for
- Our Statement -

Growth Strategy as a Comprehensive Food Company

Economic Value

1. Business growth strategy

- Expanding existing businesses by exploring materials and processing technology and strengthening branding.
- Expanding business fields through horizontal business development, M&A, and business alliances.
- Creating social problem-solving businesses to realize well-being.



Social Value

2. Social value creation strategy

To embody our management philosophy, simultaneously realizing the well-being of employees, who are the source of corporate value creation, and the well-being of society and consumers.

Well-being we aim for ~Our Statement~

◆ Well-being of society

All food is a blessing of nature on this earth.

◆ Well-being of consumers

Food is the source of human happiness.

◆ Well-being of employees

Food is a job that supports consumers and society.

Our Statement

Grateful for the bounty of the earth, making people happy with the power of nature. NIPPN will continue to shape what “food” can do for society one step at a time.

Well-being of society

All food is a blessing of nature on this earth.

With this in mind, we are committed to reducing the negative impact of food on sustainability and are dedicated to solving this problem.

Food is nurtured in various countries and regions, becomes culture, and becomes an experience that connects people.

Our goal is to be a company that believes in the diversity of food.

To pass on the bounty of the earth, inherited from the past, to the next generation.

NIPPN will create a prosperous future with food as the hub of a healthy society.

Well-being of consumers

Food is the source of human happiness.

Based on this belief, we continue to think about food that satisfies people's physical and mental needs.

The needs and values of different generations and lifestyles are diversifying.

We will continue to look at these changes and create new products and services with the power of food.

We also address people's food issues through community building and experiences centered on food.

In the coming age, everyone will seek to live better.

What NIPPN wants to deliver through food is happiness, health, and smiles that can be felt throughout life.

Well-being of employees

Food is a job that supports consumers and society.

With this mission in mind, we gather together a diverse range of human resources who aspire to broadly contribute to society through food.

There is a place where each person can take a half-step forward and tackle challenges with a sense of fulfillment.

There are opportunities for personal learning and growth.

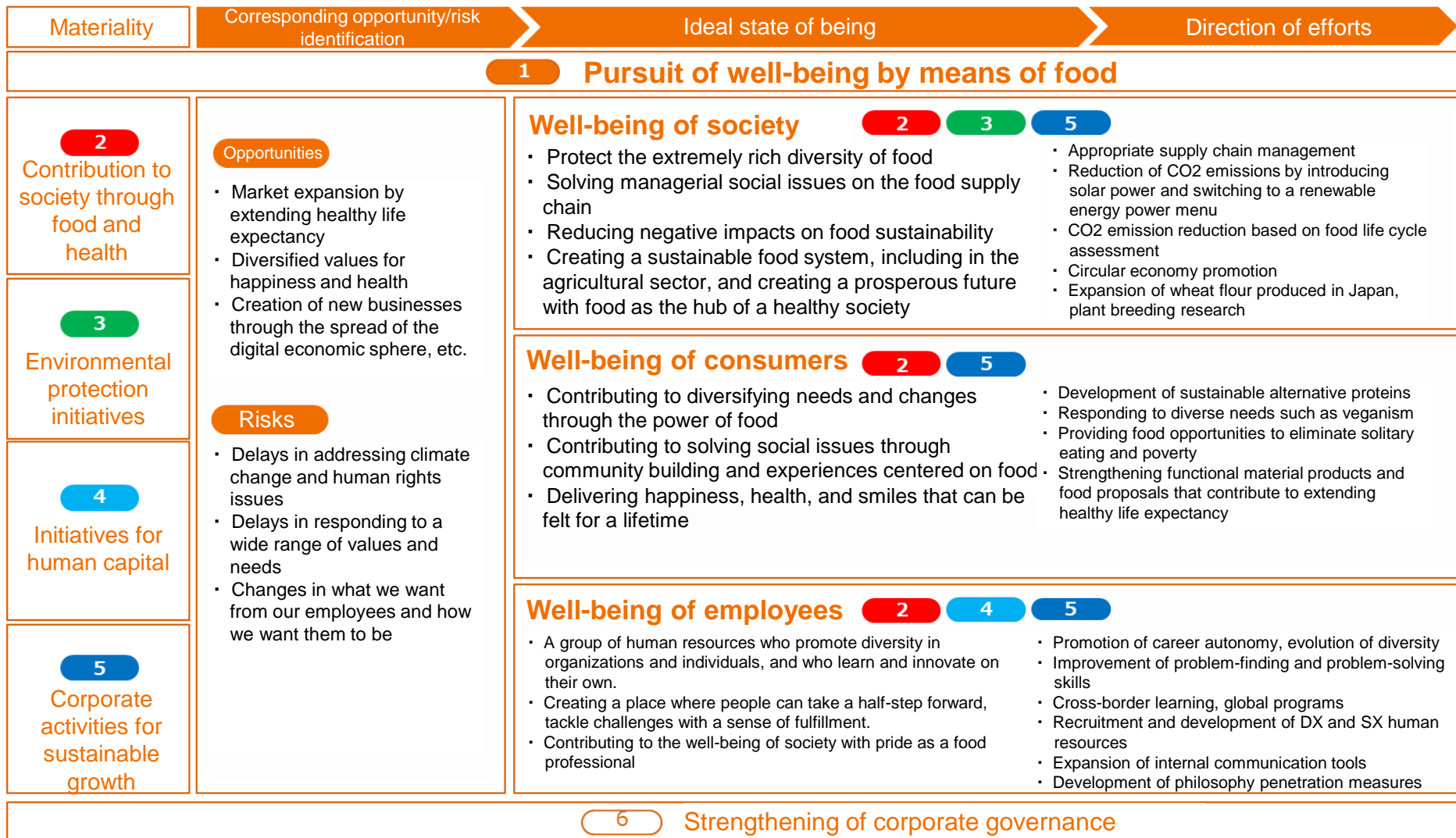
And it is the fertile ground named NIPPN where they come to fruition.

Good ideas and proposals are born from a balanced work and life.

Each and every person who works at NIPPN takes pride as a food professional and becomes an energy source for society.

Social Value Creation Process

Organize the direction of efforts to pursue the well-being of society, consumers, and employees



Roadmap

2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030

FY2023-2027 Medium-term Targets Net sales ¥450.0 billion
Operating income ¥21.0 billion

<Basic strategy policy>

- Strengthening profitability in basic fields
- Strategic investment in growth fields and new business fields
- Pursuing M&A and business partnership opportunities
- Strengthening management foundation by promoting DX, etc.
- Promoting sustainability management

Long-term Vision 2030

Net sales ¥500.0 billion
Operating income ¥25.0 billion

Exploring materials and processing technology.

Expanding existing businesses by strengthening branding.

Expanding business fields through horizontal business development, M&A, and business alliances.

Creating social problem-solving businesses to realize well-being.

Economic Value

Social Value

To embody our management philosophy, simultaneously realizing the well-being of “employees”, who are the source of corporate value creation, and the well-being of “society” and “consumers”.

Sustainability transformation (SX)

Digitalization

Digital transformation (DX)

V. Sustainability Initiatives



Contribution to Society Through Food and Health



In addition to nutrition education activities and food donations, we are working with international organizations and local governments.



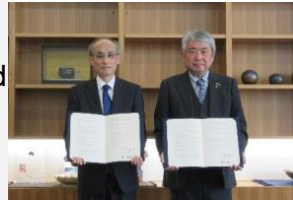
Support by donating food

- **Donation of foods to food bank and home meal service for children**

Through authorized NPOs (Second Harvest Japan, The "Kodomo-Takushoku" project in Bunkyo city, etc.), we are conducting support activities to provide food on a regular basis. This activity also helps reduce food loss.

- **Child support activities in cooperation with local communities**

In order to support local child support activities, we concluded a cooperation agreement with Oyama City regarding food donation. Through group companies, we donate food to The "Kodomo-Shokudo" Project in the city.



Enhancement of international and community engagement

- **Regional revitalization through food**

In September and October 2023, comprehensive cooperation agreements were concluded with Shibetsu City and Asahikawa City. Initiatives to revitalize local economies centered on "food" were launched with these two cities in Hokkaido.



"Kin-no-Amani" from Hokkaido

Environmental Protection Initiatives



All sites to obtain ISO 14001 certification and establish environmental management systems

Initiatives to reduce CO2 emissions

- **Introduction of photovoltaic power generation systems**

In addition to domestic factories (Ryugasaki Frozen Foods Plant, Isesaki Plant), NIPPN (Thailand) Co., Ltd. and domestic group companies have installed PV power generation systems. Plans call for step-by-step introduction of PV power generation systems.



NIPPN(Thailand)CO.,Ltd.

- **Resource recycling of plastic**

Started resource recycling of plastic with distribution pallets of flour for business use. Disused pallets are crushed, processed, and reused as material recycling pallets. Amidst the drastic changes in the logistics environment, we will build a sustainable logistics system based on the premise of food safety.



Initiatives for Human Capital



Aim for sustainable growth of both individuals and the organization by creating a work environment that fosters creativity and diversity and encourages a positive approach to everything we do.

Recruitment/development of human resources

Create an environment where each and every employee has the opportunity to learn and develop his or her own career, and can maximize his or her own abilities.

- Support career autonomy and promote independent learning
- Providing opportunities to foster creativity and diversity
- Improvement of management skills

< Specific Efforts >

Implementing career training by age group, adding elective training, expanding global human resource development, establishing basic management training, etc.

Promotion of D,E&I

Create a workplace where diverse employees can thrive and foster an organizational culture that ensures psychological safety.

- Initiatives to respect human rights
- Promotion of advancement of women
(Target for 2026: Ratio of female managers: 10%)
(Target for 2026: Ratio of female career-track positions: 30%)
- Promoting employment of persons with disabilities

< Specific Efforts >

LGBTQ and harassment training, unconscious bias training, neurodiversity promotion, etc.

Creating a fulfilling and comfortable workplace environment

Support the maintenance and promotion of the physical and mental health of employees and their families, and improve organizational productivity, vitality, and engagement.

< Specific Efforts >

- Development of philosophy penetration measures
- Enhancement of engagement
- Promotion of health management

Expansion of internal communication tools, continuous implementation of 1-on-1, trial introduction of organizational development programs, development of internal and external consultation services, implementation and follow-up of various health checkups, subsidies for physical examinations, interviews with public health nurses for employees with high stress, etc.

VI. Appendix (Supplementary Materials for Financial Results)



Statements of Income

(Millions of yen)

	FY2023		FY2024				FY2025			
	Results	Component ratio	Results	Component ratio	YoY	Change (%)	Forecast	Component ratio	YoY	Change (%)
Net sales	365,525	100.0%	400,514	100.0%	34,988	9.6%	412,000	100.0%	11,486	2.9%
Cost of sales	285,452	78.1%	306,513	76.5%	21,061	7.4%				
Gross profit	80,073	21.9%	94,000	23.5%	13,927	17.4%				
Selling, general and administrative expenses	67,785	18.5%	73,659	18.4%	5,874	8.7%				
Operating income	12,288	3.4%	20,340	5.1%	8,052	65.5%	20,500	5.0%	160	0.8%
Non-operating income	3,468	0.9%	3,335	0.8%	(132)	(3.8%)				
Non-operating expenses	940	0.3%	396	0.1%	(544)	(57.9%)				
Ordinary income	14,816	4.1%	23,280	5.8%	8,463	57.1%	22,500	5.5%	(780)	(3.4%)
Extraordinary income	756	0.2%	13,913	3.5%	13,157	1,740.3%				
Extraordinary expenses	862	0.2%	1,030	0.3%	167	19.4%				
Profit before income taxes	14,710	4.0%	36,163	9.0%	21,453	145.8%				
Income taxes - deferred	4,362	1.2%	9,522	2.4%	5,159	118.3%				
Profit attributable to non-controlling interests	87	0.0%	273	0.1%	185	212.6%				
Profit attributable to owners of parent	10,260	2.8%	26,367	6.6%	16,107	157.0%	24,000	5.8%	(2,367)	(9.0%)

Balance Sheets

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024			
	(2023.3.31)	Component ratio	(2024.3.31)	Component ratio	YoY	Change
Current assets	143,021	41.5%	157,759	40.8%	14,737	(0.7p)
Property, plant and equipment	113,467	32.9%	124,407	32.2%	10,939	(0.7p)
Intangible assets	2,175	0.6%	2,423	0.6%	247	0.0p
Investments and other assets	85,914	24.9%	102,088	26.4%	16,174	1.5p
Non-current assets	201,557	58.5%	228,919	59.2%	27,361	0.7p
Deferred assets	26	0.0%	13	0.0%	(12)	(0.0p)
Total assets	344,606	100.0%	386,692	100.0%	42,086	-
Current liabilities	78,613	22.8%	84,403	21.8%	5,790	(1.0p)
Non-current liabilities	73,378	21.3%	74,002	19.1%	623	(2.2p)
Total liabilities	151,992	44.1%	158,406	41.0%	6,413	(3.1p)
Equity capital	188,686	54.8%	224,114	58.0%	35,426	3.2p
Subscription rights to shares	226	0.1%	221	0.1%	(4)	(0.0p)
Non-controlling interests	3,699	1.1%	3,948	1.0%	249	(0.1p)
Total net assets	192,613	55.9%	228,285	59.0%	35,672	3.1p
Total liabilities and net assets	344,606	100.0%	386,692	100.0%	42,086	-

Statements of Cash Flows

(Millions of yen)	FY2023	FY2024	Change
Cash flows from operating activities	15,055	24,022	8,966
Cash flows from investing activities	(5,026)	(9,489)	(4,463)
Cash flows from financing activities	(8,402)	(7,241)	1,161
Effect of exchange rate changes on cash and cash equivalents	394	293	(101)
Net increase (decrease) in cash and cash equivalents	2,021	7,584	5,563
Cash and cash equivalents at beginning of period	31,215	33,157	1,942
Cash and cash equivalents at end of period	33,157	40,728	7,570

This document includes details of the Company's current plans and performance forecasts. These future plans and forecast figures are based on information currently available as well as the Company's plans and projections. Actual results and performance may differ materially from these plans and forecast figures due to a variety of conditions and factors. This document does not represent a definitive commitment or guarantee by the Company to achieve stated plans and forecast figures.

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**Investor Relations Office Accounting and
Finance Div. NIPPON CORPORATION**